REMARKS

Claims 198, 203-204, 213-214, 216, 219-220, 222-223 and 241-243 were previously pending in the present patent application. Claims 1-197, 199-202, 205-212, 215, 217-218, 221 and 224-240 were previously canceled without prejudice. Applicant herein amends independent claims 198 and 216 and dependent claims 203-204, 219-220, 222-223 and 241-243. Consideration and examination of pending claims 198, 203-204, 213-214, 216, 219-220, 222-223 and 241-243 are respectfully requested.

Rejection of Independent Claims 198 and 216 under 35 U.S.C. §103(a)

The Examiner has maintained the rejection of independent claims 198 and 216 under 35 U.S.C. §103(a) as being unpatentable over Cordery et al (U.S. Pat. No. 5,454,038) in view of Lee (U.S. Pat. No. 5,657,6898). In the Office Action dated September 10, 2007, the Examiner stated:

> Cordery discloses a system for transferring items having value in a computer network comprising a plurality of user terminals coupled to a computer network; a database system coupled to said network and remote from said plurality of user terminals for storing information about one or more users using said plurality of user terminals; and a server system coupled to said network, said server system comprising cryptographic capabilities for transferring an item having value utilizing said information stored in said database system.
>
> 6. Cordery does not disclose continuous verification of authorization, where operations are terminated if said continuous verification is interrupted. However, such authorization is old and well-known. (See, for example, Lee at 7-25. "Operation of each franking machine is dependent upon a predetermined communication between the franking machine and the secure unit. The predetermined communication may comprise reception, by the franking machine of a predetermined signal from the secure unit. The communication may be substantially continuous or may be at predetermined time periods. For example, the secure unit may transmit continuously and the franking machine may be operated such that during each franking operation, prior to accounting for a postage charge

> for an item and prior to printing a franking impression on the item, the microprocessor of the franking machine carries out a check to determine that the predetermined signal transmitted by the secure unit is being received. If the predetermined signal is being received the microprocessor continues with the franking operation otherwise if the predetermined signal is not received the microprocessor is inhibited from continuing the franking operation.")

Applicant respectfully disagrees that the invention as claimed in independent claims 198 and 216, as amended, is obvious in light of Cordery in combination with Lee.

Lee discloses a system in which a geographically localized, predetermined signal is continuously or intermittently broadcast by a "secure unit" located at a particular location. A franking machine has a receiver for receiving the predetermined signal broadcast by the secure unit. Before the franking machine begins printing postage on a mail piece, the franking machine checks to see whether it is receiving the predetermined signal, which remains unchanged from one franking operation to another. If it is receiving the signal, the franking machine carries out the printing operation. If it is not receiving the signal, it does not carry out the printing operation.

The purpose of the system of Lee is to ensure that franking machines that are authorized for use at a particular location are not moved to another location. There is no suggestion in Lee that if the signal is lost after the printing operation is begun that the printing operation is terminated. Thus, although the predetermined signal may be broadcast continuously by the secure unit, to the extent there is any verification, it occurs just once during a printing operation: namely before the printing of a particular mail piece is begun. There is no further verification during the printing process, and no provision for interrupting the printing of a mail piece once printing has begun.

Further, the signal broadcast by the secure unit is a predetermined signal that is does not change from one franking operation to another. By contrast, in the claimed

invention, as amended, the continuous verification comprises the exchange of a non-predetermined pseudo random number parameter created specifically for each specific request (as disclosed, for example, on pages 39 to 44 of the specification). Such an exchange of non-predetermined pseudo random number parameters generated separately for each specific request is not disclosed or suggested by Lee, or by any other prior art of record.

Because Lee does not disclose the continuous verification as set forth in independent claims 198 and 216, as amended, combining Lee with Cordery can not result in the claimed invention. Accordingly, the invention set forth in independent claims 198 and 216, as amended, is patentably distinct from the prior art of record. Applicant respectfully requests that claims 198 and 216, as amended, be allowed.

Dependent Claims 203-204, 213-21 and 219-220, 222-223 and 241-243

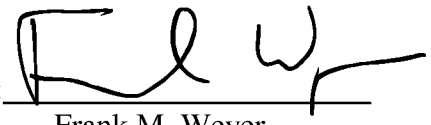
Dependent claims 203-204, 213-21 and 219-220, 222-223 and 241-243 are dependent on independent claims 198 and 216, respectively, and contain all of the limitations of the respective independent claims as well as additional limitations. Accordingly, Applicant believes that these claims are allowable for the same reasons set forth with respect to independent claims 198 and 216. Accordingly, Applicant respectfully requests that dependent claims 203-204, 213-21 and 219-220, 222-223 and 241-243 be allowed.

Conclusion

In view of the foregoing amendments and remarks, Applicant respectfully submits that pending claims 198, 203-204, 213-214, 216, 219-220, 222-223 and 241-243 are in condition for allowance, and respectfully requests that they be allowed.

Respectfully submitted,

THE HECKER LAW GROUP

Date: June 18, 2007 By: 

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